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WORKING TO LEARN, LEARNING TO WORK

Unlocking the Potential of New York's
Adult College Students

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WORKING TO LEARN, LEARNING TO WORK: Unlocking the Potential of New York's Adult College Students

Executive Summary

The vitality of New York State's economy depends on deepening the ranks of the skilled workforce, a need that will grow more urgent over the next several years as the Baby Boomer generation moves into retirement. If employers cannot fill high-skilled positions they will lose competitive ground, and some may leave.

New York has successfully expanded college enrollment among recent high school graduates over the past decade. Yet enrollment among adults has not only lagged – it has sharply dropped, leaving New York with one of the nation's lowest rates of adult college enrollment. (For purposes of this study, "adult students" are students between the ages of 25 to 49, while "recent high school graduates" or "younger students" are between the ages of 18 to 24.)

Turning around the decline in adult college participation is essential and achievable. While a successful plan will include several integrated components, this study focuses on what we believe to be the most essential component: improving affordability so that more working adults can gain access to college and avoid dropping out.

New York's economic future depends on expanding its pool of educated workers. Yet the largest potential source of such workers—working adults with a high school degree—have been largely overlooked.

- Growth in the New York labor market will be concentrated among high-skilled jobs requiring postsecondary education credentials.

- New York's pool of college-eligible adults is roughly the size of the last 12 classes of graduating high school students. Approximately 1.8 million adults (ages 25-49) have a high school diploma and no college experience, and another 420,000 young adults (ages 18-24) lack a high school diploma.

Adult enrollment in higher education has fallen sharply over the past decade.

- New York State has one of the nation's lowest rates of adult college attendance: fewer than 4% of all adults with high school diplomas, ranking New York 43rd in the nation.
- Adult enrollment has steadily fallen, even as enrollment among recent high school graduates has soared. Between 1995 and 2005, the number of recent high school graduates in college jumped by one-fourth, while the number of adult students dropped by one-fifth.
- Adults represented one-third of all New York's undergraduate students in 1995, and just over one-fifth in 2005.

Affordability is the key to expanding adult enrollment in higher education – yet New York's financial aid system is failing adult students.

- Working poor adults in New York have unmet financial need of more than \$5,000 annually – one-fourth higher than the national average.

- Tuition and fees at New York's community colleges are more than 50% above the national average, the sixth highest in the nation.
 - Almost half of all full-time adult students at New York's community colleges also work full-time, compared to one-third of full-time community college students in other states.
 - The rate at which full-time adult students obtained state Tuition Assistance Program (TAP) scholarships fell twice as fast as the drop in the rate in adult college enrollment.
 - TAP discriminates against working adults by subjecting single childless adults to harsh and counterproductive restrictions on income and benefits; prohibiting adult students from receiving TAP in their first year, when they are most likely to drop out; and providing adult students who leave and later re-enter college with smaller TAP scholarships and lower income thresholds.
 - Abolish all previous financial aid schedules and get rid of the “don’t come back” rule, which ties students who leave college and return later to stingier benefit schedules.
 - Create a remedial education financing program outside of TAP, so that students can enhance their opportunity for academic success while preserving TAP eligibility for creditworthy classes.
 - Create the infrastructure for strengthening adult participation in higher education by bringing together leaders in government, the education sector and the business community to map out a comprehensive statewide plan.

New York should reform TAP and seek other vehicles for improving adult access to higher education.

- Provide financial aid to part-time students in their first year. In 2006, the New York State Legislature took the first step towards assisting working adults by establishing a “part-time TAP” program. However, New York should abolish the pointless requirement that students study full-time in the first year to qualify for part-time TAP.
 - Abolish discriminatory TAP benefits and income thresholds for unmarried childless adults, so that they can receive the same benefits at the same income thresholds as all other students.

WORKING TO LEARN, LEARNING TO WORK:

Unlocking the Potential of New York's Adult College Students

I. Introduction

Over the past century, New York became a leader in the global economy in large part due to our superior higher education system. Today that system is more important than ever. A state that fails to continually expand its pool of educated workers will inevitably fall behind in starting successful businesses and attracting employers. At stake is New York's economic competitiveness in years to come. Education is the best strategy to help our state maintain its competitive edge.

Recent high school graduates continue to flock to New York colleges in large numbers. But the number of working adults between the ages of 25 and 49 seeking a college degree in New York has dwindled over the past decade. As a direct result, overall growth in college enrollment – a crucial indicator for economic development – has stagnated. The consequences for New York's future could be damaging.

New York needs to bring working adults back to college. The good news is that they want to go. The wage premium for workers with college degrees is well-known, and surveys show that a majority of New Yorkers lacking a college degree would like to earn one. The bad news is many obstacles bar the path from workplace to college classroom, most notably a lack of affordability. The high cost of college – not just tuition, but fees, books, transportation, housing and other expenses – looms as the primary obstacle to access for working adults, and the leading cause of dropouts.

College affordability is not a new concern for policymakers in New York. The state's financing system has long exemplified a high-tuition/high-aid approach. New York charges higher than average tuition, especially for community colleges, thereby maximizing tuition revenue and leveraging federal Pell Grant dollars. At the same time, New York provides one of the nation's most generous need-based financial aid programs, the Tuition Assistance Program (TAP). This program provides a grant of up to \$5,000 per year to needy students, enough to pay full tuition at a public college or university and a significant share of tuition at a private institution.

TAP works well for recent high school graduates, but poorly for low-income adults. TAP has several features that discriminate against adult students: lack of a real part-time option (even after newly-enacted reforms), severe income and benefit limits upon single childless adults, penalties for dropping out and returning later, and a policy of including non-credit remedial classes against the 8-semester eligibility limit (6 for community college students), which guarantees that students who need remedial assistance will lose eligibility well before graduation.

New York needs to eliminate TAP's adult-unfriendly provisions. State policymakers should also look at new vehicles for improving affordability for working adults, particularly those that leverage employer funding and strengthen the connections to other government programs.

II. Working Adults in the New York Economy

Once upon a time, the United States became the world's dominant economy on the strength of a manufacturing sector that provided jobs with high wages, expansive benefits and lifetime security to Americans with no more than a high school education. New York State rode the crest of that wave, and leading manufacturers like Eastman Kodak, IBM and many others made their headquarters here. Then the manufacturing sector fell on hard times, and New York's big employers moved overseas, downsized or went under. With them went the promise of decent-paying jobs for workers with modest educational backgrounds.

Today, a low-income adult's only reliable on-ramp to the middle class is higher education. "All adults need some postsecondary education and training to be full participants in the economy and society," note leading educational experts Anthony Carnevale and Donna Desrochers.¹

The importance of higher education to individuals is mirrored by its importance to economic development. Studies have found that increasing a country's average level of schooling by one year can increase the economic growth rate by 5 to 15%.² Other developed nations are making huge gains in broadening access to postsecondary education. "While our own progress stalled, much of the rest of the world has improved – educating more people to higher levels," note the authors of *Measuring Up*, the respected annual evaluation of state higher education performance.³

In October 2005, the New York State Board of Regents called together leaders from the education, business and non-profit sectors to attend a summit on the state of New York's educational system. The New York Education Summit focused on education not for its own sake, but as the most vital driver of a thriving economy:

New York faces a special challenge, and it affects everyone: a potential decline in our standard of living. We must increase

graduation from high school and college of all disadvantaged groups – or face a declining statewide level of education, income, and inevitably the state's tax base.⁴

The Regents' message is by no means hyperbole. Today's employers demand educated workers, and we must prepare workers to take those positions or watch those employers shift to other states and nations who do. According to the New York State Department of Labor, employment gains through 2014 will skew sharply towards jobs requiring postsecondary credentials.⁵ The growth rate for jobs requiring an Associate Degree will rise by 15%, triple the rate of jobs requiring no more than on-the-job training or other work experience. Employment requiring a Bachelor's Degree will rise by 12%.

The educated workforce gap will widen further with the impending retirement of the Baby Boomer generation. The leading edge of the Boomers, those New Yorkers born in 1947, will reach the retirement age of 65 in 2012. By 2020, the supply of prime working age New Yorkers (between the ages of 20 and 49) is projected to fall by 6%.⁶ But the decline will be more severe among highly educated workers, because their higher career earnings will enable them to supplement social security with retirement income and savings.

The looming shortages are worse for some occupations and in various areas. For example, the 2000 Census found that registered nurses in New York are on average much older than other similar professions, and that nearly 3 in 10 are approaching retirement age. By 2020, a gap of more than 40,000 missing nurses will emerge, almost one-fourth more than the projected statewide supply.⁷

Strengthening the educational opportunities of recent immigrants is a key challenge. New York City is projected to see large gains in immigrant population, unsurprising given that city's historic position as a magnet for new immigrants. Yet immigrant populations are growing rapidly in many upstate communities as well. Monroe, Albany and Onondaga counties all saw the number of foreign-born residents

grow by about one-fifth between the 1990 and 2000 censuses, while Orange, Dutchess and Westchester counties saw their immigrant population grow by almost one-third.⁸

The new immigrants, on balance, are less educated and proficient in English than native-born residents, as were previous waves of immigrants from Italy, Russia and Eastern Europe. The number of New York residents ages 25-64 with a high school diploma is projected to drop by 2% by 2020, primarily because of lower educational attainment among immigrants.⁹ Just as European immigrants energized New York's economy and culture in the last century, so too will immigrants from Latin America, Asia, Africa and the Caribbean in the century to come – if they are properly educated and trained.

Upstate New York has a unique set of regional needs. Upstate communities have larger pools of educated workers than New York City, but they tend to be older and closer to retirement. "As baby-boomers reach retirement age, the trend will tend to reduce the availability of labor – especially in high-skill occupations – as fewer younger workers will be on hand to replace retirees," concludes a recent analysis by the Federal Reserve Bank of New York.¹⁰

The four occupational categories with the highest growth rates in upstate New York are heavily skewed toward postsecondary education. See Table 1.

Table 1: Highest-Demand Occupations in Upstate New York

Occupation	Examples	Hiring Rate
Community and social services	Social worker, counselor, community organization staff	40%
Health care support	Medical or dental assistance, home health aide	35%
Education, training and library	Teacher, librarian	34%
Health care practitioner and technical	Doctor, nurse, dentist	32%

Source: Richard Deitz, "Baby-Boom Retirements and Emerging Labor Market Pressures," Upstate New York Regional Review, Federal Reserve Bank of New York, 2006.

"If present trends continue, too few people will have the knowledge and skills our state needs," declared the New York Board of Regents after the 2005 Education Summit. "This is unacceptable."

The Regents' message carries the appropriate note of urgency. It would be a mistake to view the struggle to achieve higher education as a personal dilemma. Our state's economy depends upon the collective outcome of many such struggles. To settle for the status quo is perhaps the riskiest of strategies.

III. College-Eligible Adults: Our Economy's Neglected Resource

Expanding access to college is one of the few public policies that virtually everyone agrees on. But it may not be so obvious why New York should focus its scarce resources on adult students in particular.

New York needs to address the college aspirations of working adults for four reasons:

First, New York needs to tap a large pool of candidates for higher education. The demand for educated workers cannot be met simply by improving high school graduation rates. Such reforms are essential, but inadequate. Each year, roughly 180,000 students graduate from high school. Increasing the number of graduating seniors by 10% would be a tremendous success. But it would result in only 8,000 more high school graduates annually, of whom roughly two-thirds, or 5,400, would proceed directly to college.

The pool of college-ready adults is much larger. The 2000 Census found 1.8 million adults (ages 25-49) with a high school diploma in New York, and another 420,000 young adults (ages 18-24) who lack a high school diploma. This pool of 2.2 million New Yorkers is equal to the last 12 classes of graduating seniors in New York State. Such a vast resource should not be ignored.

Second, New York needs graduates who are committed to their local communities. In particular, upstate New York has a serious

shortage of educated adults. Opinions differ whether the problem is more a question of too many educated professionals leaving or not enough arriving. “We’re educating them and they’re leaving,” lamented Irwin Davis, president of the Metropolitan Development Association in Syracuse, in a 2006 *New York Times* story.¹¹ Indeed, one Federal Reserve Bank study found that one-fifth of all young residents ages 20-34 left upstate New York between 1980 and 2000, even as the older adult population, ages 35-54, grew by almost half.¹² However, another study by the same author found that “college-educated adults are not moving to the region fast enough to stem natural out-migration flows.”¹³

Young college graduates have little to connect them to their local workforce or community. But working adults do: they are already engaged in the local labor market, and they are more likely to have a spouse and children, own a home, and belong to voluntary associations that build a sense of community. Investing in adult students is a cost-effective workforce development strategy for upstate New York.

Third, many working adults already understand the value of a postsecondary education and want it. A 2005 opinion survey by the Community Service Society found that 68% of low-income working adults in New York City ranked “skills acquisition” through higher education and workforce training as their top strategy for getting ahead.¹⁴ This widespread enthusiasm for higher education mirrors national sentiment. The U.S. Education Department has found that as many as 37 million adults are interested in work-related adult education but are unable to participate.¹⁵

Fourth, New York’s financial aid policies are biased against adult students, and they have responded by staying away from college. If our state did no more than change financial aid rules that discourage adult college attendance, the jump in adult enrollment could be dramatic.

If New York were already enjoying robust growth in enrollment and graduation of adult students, there would still be a case for focusing on their needs, but at a more modest level.

Unfortunately, the past decade has been disastrous for adult access to higher education.

Aggressive action on a variety of fronts will be needed to turn around the very negative trends now underway.

WHAT IS AN ADULT STUDENT?

When referring to trends in enrollment, this study groups students by age: students ages 18-24 are referred to as “recent high school graduates” or “younger students,” while students ages 25-49 are referred to as “adult students.” The primary source for enrollment is data submitted by colleges to the New York State Education Department and the U.S. Department of Education’s National Center on Education Statistics.

When referring to trends in financial aid, this study where possible uses the age groups described above. In some cases, data is only available by financial aid categories: The term dependent refers to students who continue to rely on parents for financial support, while independent refers to students who do not. “Independent students are assumed to be financially self-sufficient and no longer dependent upon their parents to support them or finance their education,” states the U.S. Department of Education.¹⁶ Most independent students are 25 or older, but some younger students qualify due to marriage, childbearing, veteran status or foster care status.

IV. Adult College Enrollment: Falling Fast

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Since the mid-19th century, New York State has invested in higher education. That investment has paid off many times over. Three in ten New Yorkers hold bachelor’s degrees, four points higher than the national average of 26%.¹⁷ A very high proportion of high school graduates go directly to college, and students who begin college are more likely to complete it in New York than in the majority of states.¹⁸

In 2005-06, approximately 937,000 students were enrolled in New York State colleges. They attended a varied array of public and private, non-profit and for-profit, 2-year and 4-year schools. New York has an unusually large

community of private non-profit or “independent” colleges, which tend to charge higher tuitions than public colleges. In 2005, 30% of all New York students studied at independent colleges, compared to 12% nationally.¹⁹

Community colleges represent the low-cost option in higher education, but New York’s community college sector is smaller than most, representing 37% of statewide undergraduate enrollment. Nationally over half of all undergraduate students (52%) are enrolled in a community college.²⁰

Trends in college enrollment over the past decade move in surprising – and ominous – directions. In particular, adult New Yorkers are enrolling and participating in college at falling rates.

Adult college participation dropped over the past decade. The shift toward younger students reflects both a sharp increase in enrollment of recent high school graduates and an equally sharp decline in more mature students. Between 1995 and 2005, the number of younger students rose 24%, while the number of adult students fell 20%. Adjusted for changes in population and the state of the economy, we estimate that the number of younger students rose 21%,

faster than the nation as a whole. But the number of adult students fell 12%, compared to a 3% drop nationwide.²¹

New York State ranks 43rd nationally in its rate of adult college attendance. According to data from the National Center for Education Statistics, only 3.8% of all New York adults ages 25-49 were enrolled in college in 2003, far behind national leaders like California, where 6.4% of all adults were enrolled.²² If New York did as well as California, we would educate 155,000 additional adult students annually. If New York could pull itself up to the national average, 56,000 more adults would be participating in college.²³

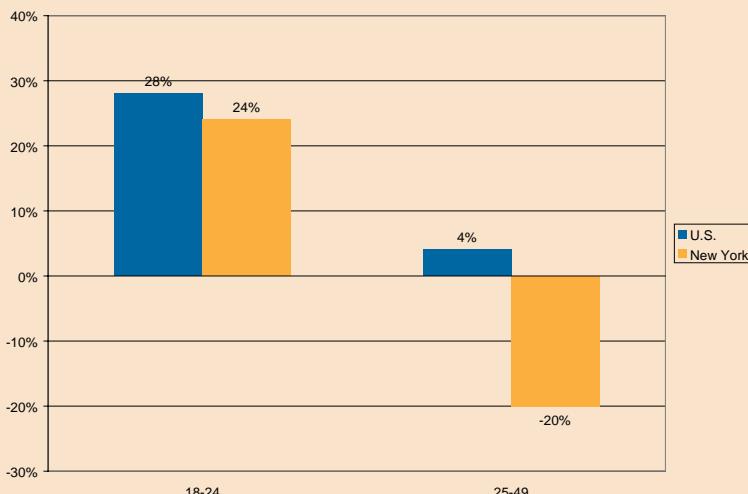
Adult enrollment has fallen relative to younger students. Between 1995 and 2005, undergraduate enrollment in New York rose by 12% – a growth rate comparable to the state’s population growth rate over the same period.

While the number of undergraduates adjusted for population growth barely changed over the past decade, their faces did: they became younger. In 1995, adult undergraduates ages 25-49 comprised one-third of all undergraduates in New York; by 2005, they comprised slightly over one-fifth.

Part-time enrollment has also dropped sharply. A related trend is the decline in the number and share of part-time students. The number of part-time students dropped by 14% between 1995 and 2005 while the number of full-time students went up by 22% (not adjusted for population growth).²⁴ Nationally, the number of part-time students rose by 12%, although the number of full-time students rose more quickly. The decline in New York’s part-time student population is troubling, because working adults often benefit from studying part-time, which enables them to care for children and keep a steady income flow.

Full-time student enrollment is academically preferable, and a substantial rise in full-time student enrollment is typically celebrated as a sign that higher education is becoming more affordable. But the phenomenon in New York

Chart 1: Change in Undergraduate Enrollment between 1995 and 2005, U.S. and New York



Source: New York State Education Department, National Center for Education Statistics, New York State Department of Labor.

is troubling. Fewer working adults are attending college at all. An increasing share of those who do attend are choosing to take on the responsibility of a full-time course load.

Why are more adult students combining full-time college with full-time work? Perhaps because the eligibility rules of the Tuition Assistance Program drive many students to study full-time in order to qualify for financial aid. Rather than improving their chances of success by studying full-time, these students are endangering their academic success by also trying to work full-time. This is a risky combination that can be avoided with a better designed state student aid program.

V. College Affordability for Working Adults

Other than purchasing a home, a college education may be the most expensive investment anyone will ever make. Annual data on college expenses paint a sobering picture.²⁵ A full-time student at a SUNY community college will, on average, pay \$12,000-\$14,000 annually for tuition and fees, books and other supplies, room and board, transportation and other expenses, and \$16,000 at a CUNY community college. At a four-year public college, annual expenses would run to \$17,000-\$19,000, and at a four-year private college \$20,000-\$50,000.

Average numbers tend to understate the cost of college attendance for adults. Most have children. That means paying for full-time child care, as well as all the other costs of childrearing – clothing, food, medical expenses, and a larger place to live. If the student lives in New York City and nearby suburbs, where the cost of living is far above national and statewide averages, non-tuition expenses will be even harder to manage.

Low-income adult students have high levels of unmet financial need.

A recent study by the Institute for Higher Education Policy found a high level of unmet financial need among low-income adult students

LIFE STORIES

Anne is an African immigrant studying to become a respiratory therapist at the Borough of Manhattan Community College. "I can't go full-time, my employer would kick me out. One of my children is always sick and I always have to take him to the hospital and take care of him."

nationally.²⁶ A follow-up analysis conducted for SCAA found an even higher level of unmet financial need in New York State.²⁷ Nationally, non-working independent students have almost \$6,000 of remaining need after receiving all grants and loans for which they are qualified, while working low-income independent students must pay off almost \$4,000 annually in remaining need. In New York, remaining need is respectively 10% and 25% higher for those groups.

A working student who faces more than \$5,000 of unmet financial need must make up the difference with loans, almost certainly unsubsidized. Many low-income adults will simply not take the risk of attending college if the price will be a lifetime of high-interest loans to pay off.

Students whose incomes falls short of their educational expenses undergo severe financial stress, e.g., overextending their credit. Nationally,

Table 2: Expected Family Contribution, Financial Need and Remaining Need for Independent Undergraduate Students in New York State in 2003-04

Category	Expected Financial Contribution	Financial Need	Remaining Need	% Above National
Nonworking Poor	\$871	\$12,511	\$6,629	10%
Working Poor	\$849	\$10,934	\$5,227	25%

Note: Students considered working are those who worked at least 25 hours per week. Students considered poor are those with incomes at or below 200% of the federal poverty level.

Source: U.S. Department of Education, National Center for Education Statistics (NCES) 2004. National Postsecondary Student Aid Study 2003-04 (NPSAS: 2004). Calculated by Institute for Higher Education Policy.

independent students are more likely to take out loans than dependent students, and the loans are larger. Independent students are one-third more likely to carry a credit card balance (46% vs. 29%), and their average credit card balance of \$3,800 is twice that of dependent students.²⁸

A 2002 study by Samuel Kipp for the Lumina Foundation assessed college accessibility for low-income students in every state, scrutinizing the differences between dependent and independent students.²⁹ In New York, the report found a sharp disparity between the number of institutions dependent students could afford to attend versus independent students: three-quarters were affordable for low-income dependent students, but only one-third for low-income independent students. It should be noted that this disparity is not limited to New York. “[L]ow-income adult students...have far fewer viable options among public institutions than do their traditional-age dependent counterparts,” states Kipp.³⁰

Community college tuition in New York is unusually high. Community colleges are intended to be the most affordable option for low-income students. Community college tuition in New York, however, is higher than

the national average of \$2,272 – much higher. CUNY community college tuition is \$2,800 per year. SUNY community college tuition varies by campus, but averaged \$2,900 in 2004-05, with three campuses at or above \$3,000.³¹ Combined tuition and fees at New York’s community colleges are more than 50% above the national average – and more than four times the cost of California, the least expensive state at which to attend community college.³² In contrast, tuition at New York’s public 4-year colleges is about one-seventh lower than the national average.

The unusually high tuition levels at community colleges stem from years of underfunding at the state level. By state law, New York is required to fund 40% of community college expenses. Each year, however, the State Legislature waives its responsibility under state law and provides substantially lower funding. In 2006, New York State covered only 31% of community college expenses. As a result, community colleges are forced to raise tuition and fee charges to patch the funding hole left by inadequate state investment.

High community college tuition is a serious problem for working adults. In other states, working adults flock to community colleges, since these institutions provide the most affordable way to obtain marketable skills and credentials. High tuition obstructs this path to economic opportunity. In fact, educational experts have identified a “sticker shock” effect in which low-income applicants become discouraged from pursuing their applications when they see an apparently unaffordable tuition, regardless of what financial aid might be available.³³

At the same time, it should be noted that tuition levels, while critical, are not the whole story of affordability. For example, tuition at a CUNY community college is \$2,800, while the non-tuition costs for a person living off-campus have been estimated at roughly \$15,000. When non-tuition expenses are five times the level of tuition expenses, they become more important in making decisions to enroll or remain enrolled.

Chart 2: Average Tuition and Fees, U.S., New York and California



Source: Grapevine 2006 Annual Report, Table 6, “Trends in Pricing.”

Too many adult students work and study full-time, potentially hurting student persistence and graduation rates. Anyone who has attended college can testify that a full-time courseload of 12 credits is equivalent to having a full-time job. In fact, the well-known formula for estimating the amount of time students should dedicate to studying is three hours outside of class for every credit hour. While requirements vary from major to major, all involve considerable outside study time. In addition, the student may be called upon to write term papers, conduct library research, or engage in collaborative projects with other students. Work represents a conflicting priority for college students; yet for most independent students, affording a higher education would be impossible without it.

Unfortunately, students in New York classified for financial aid purposes as “independent” are much more likely to study and work full-time simultaneously. The full-time work/study rate in New York is about one-fifth higher than the national rate, and one-third higher at public institutions in New York than nationally. Yet the full-time work/study rate for dependent students in New York and the nation as a whole is almost identical, suggesting that TAP is successful in relieving financial pressures upon younger dependent students – but not in helping older independent students.

The definitive study on the relationship between work and college persistence, a 1996 analysis by Andrew Malizio and Laura Horn of the National Center for Education Statistics, reviewed a sample of students who view themselves as “students who work to pay for their college education.”³⁴ More than half of all students working full-time reported a negative effect on their academic performance, compared to only 17% of those working up to 15 hours. Most alarming, students who worked full-time were more than three times as likely to drop out in the middle of their first year than students who worked 15 hours or less. The high dropout rate seems to be a natural result of doing too much at once.

Table 3: Share of Students who Study and Work Full-time, New York and U.S.

Institutional Category	NY	U.S.
Public 4-year Independent	38%	28%
Public 4-year Dependent	9%	10%
Public 2-year Independent	47%	34%
Public 2-year Dependent	19%	18%
Total Independent	44%	37%
Total Dependent	12%	12%

Source: National Post Secondary Student Aid Study,
National Center for Education Statistics, 2003-04.

Yet Malizio and Horn also found a more subtle link between full-time work and dropouts. Students working full-time were much more likely to report a serious limitation on their studies, e.g., limiting the number of classes they could take, their access to the library, or their choice of classes. The daily life of a college student is complex. At the beginning of each semester, the student has to schedule classes around work and family. During the semester, the student must schedule library time and group project time with classmates. Trying to schedule a full-time courseload, a full-time job and the needs of children at the same time requires substantial juggling skills. It should come as no surprise if some adult students fall short.

Some of our students are working full-time, studying full-time, and raising a child. They're burning the candle at three ends. Is it any wonder they have academic trouble?

Brian McGarvey, Director of Financial Aid
Schenectady Community College

VI. Tuition Assistance Program: Structure and Shortcomings

If you are a low-income working adult thinking about college, financial counselors will tell you to start by checking your eligibility for the Tuition Assistance Program, or TAP. This need-based grant program is the cornerstone of college affordability in New York. Unfortunately, many working adults find TAP to be ill-suited to the demands of students with jobs and families to manage.

Established in 1974, the Tuition Assistance Program (TAP) has grown over time to become the nation's largest state student aid program. In fact, TAP accounts for one out of every six dollars spent on need-based grant aid at the state level nationwide. TAP is administered by the Higher Education Services Corporation (HESC), a state public authority.³⁵ In 2005, HESC issued need-based scholarships to 394,000 full-time undergraduate students, about 47% of all such students in New York.

As a need-based student aid program, TAP sets its award based on a sliding income scale. Applicants with a family income below \$7,000 net taxable income (or equal to \$23,600 adjusted gross income) can receive the maximum grant of \$5,000 per year or the price of tuition, whichever is lower. As family income rises, the award drops. Applicants with a net taxable income between \$47,000 and \$80,000 receive only the minimum grant of \$500. It should be noted that one group of students, adults without a spouse or children, are limited to a much lower income threshold of \$10,000 net taxable income.

TAP is typically used in combination with federal Pell grants, which are also based on economic need. Unlike federal Pell grants, however, a TAP grant cannot be used for fees, books, rent or any other non-tuition expense.

TAP-eligible students receive support for four years of full-time study (8 semesters), or three years (6 semesters) if enrolled in a community college. Remedial classes to improve reading,

writing and math skills count against the four-year limit, although they do not provide credit towards a degree.

Over the past three decades, TAP has effectively adapted to the needs of traditional-age college students: recent high school graduates who attend full-time and graduate on a regular 2-year or 4-year schedule. More than two-thirds of all high school graduates in New York proceed directly to college, the second-highest continuation rate in the nation after North Dakota.³⁶ TAP has not adapted to meet the needs of adult students. Their needs are more diverse, and the balancing act each adult student must manage between school, work and family requires a flexible financial aid program, not a rigid one. TAP's current structure limits its relevance to adult college students.

TAP receipt has fallen among adult students while rising sharply among younger students. While the adult undergraduate enrollment rate has fallen rapidly over the past decade, adult usage of TAP has fallen even faster. Full-time adult enrollment dropped 10% between 1995 and 2005. But the number of TAP grants issued to adult undergraduates fell by 19%, almost twice as fast. See Chart 3. As a result, the share of adult students receiving TAP benefits dropped from 62% to 57% over the past decade.

The trend among younger students was radically different: a 39% jump over 10 years, leading to a seemingly healthy increase of 19% in overall TAP grants. Most of the increase can be attributed to an eligibility expansion enacted in 1999. In that year, New York expanded eligibility for the minimum \$500 TAP benefit from \$50,000 to \$80,000. The higher eligibility threshold did not significantly improve college affordability, but it prompted a surge of new TAP recipients, almost all of them recent high school graduates.

The large overall increase in issuance of TAP grants can have the effect of masking the decline in TAP grants to adult students. Indeed, declining financial aid access may be a leading indicator of financial stress and higher dropout rates among adult students. Alternatively, the

decline may represent an increase in higher-income adult students who do not qualify for TAP. But a sectoral breakout shows that the largest declines occurred at CUNY's community college system, where the number of adult TAP recipients fell by half. Since community colleges tend to serve a more disadvantaged population, this suggests a growing disconnect between low-income adults and financial aid.

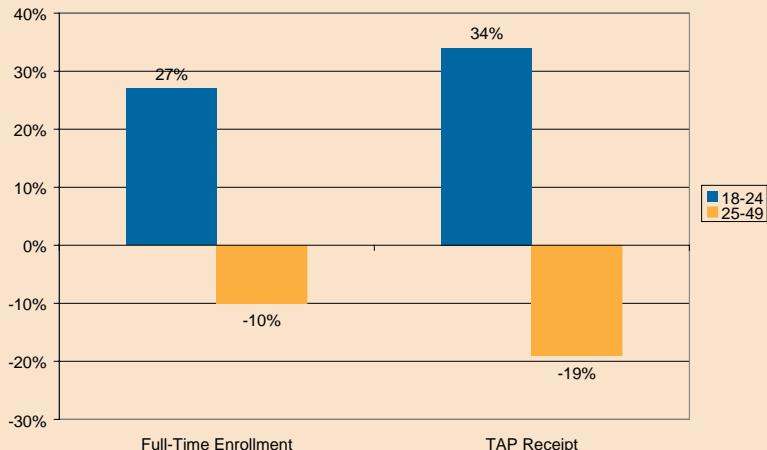
TAP does not support part-time study in the crucial first year of college enrollment. Until recently, TAP benefits were only available to students taking a full-time courseload of 12 hours or more. This limitation put working adults in a difficult dilemma: having to choose between a more intense courseload than they could handle given pressures of work and family, or giving up TAP benefits.

In 2006, the New York State Legislature established a part-time TAP program. The program allows students to receive 50% of the TAP benefit for a 6-hour caseload and 75% of the TAP benefit for a 9-hour caseload. A part-time semester would count as one-half of a full-time semester for purposes of determining the termination of TAP benefits. Since TAP eligibility is limited to 8 semesters of full-time enrollment, part-time TAP will help some students stretch out their eligibility.

Part-time TAP is an important step forward. However, this new program contains a provision that negates much of its value to working adults. Students cannot qualify for Part-time TAP in their first year. Rather, they must enroll full-time for one year, and only then gain the option of shifting to part-time status. Given the burdens of work and family, the majority of working adults who qualify may never have time available to enroll full-time.³⁷

In addition, providing a benefit that only appears in the second year fails to target assistance to the students who need it most. Studies show that students are most likely to drop out of college during or after the first year. If students are forced to study and work full-time in their first year, more of them will drop out, thereby wasting the value of the TAP subsidies provided to them.

Chart 3: Percentage Change in Full-Time Enrollment and TAP Receipt Between 1995 and 2005



Sources: New York State Education Department and Higher Education Services Corporation.

TAP sharply discriminates against unmarried childless adults. New York has established a separate “schedule” or framework of eligibility and benefits, for students who have no children or spouse. Perhaps as a result, usage of TAP by these students has fallen by almost half over the past decade.

Unmarried single adults in New York are assigned to the “independent schedule.” This is a confusing name, because the term “independent” means something different in the financial aid world. In financial aid parlance, an independent student is one who cannot rely on parents to cover the costs of a college education. A dependent student lives with parents and relies on them to cover at least part of their college education.

Until 1981, all independent and dependent students received the same eligibility and benefit treatment. In that year, independent students lacking spouses and children were placed on the independent schedule, which provides stingier eligibility and benefit treatment. Independent students with children and/or spouses were swept into the dependent schedule to receive eligibility and benefit treatment identical to dependent students.

Chart 4: TAP Maximum Benefit, Dependent and Independent Schedules 1980-2006



Source: Higher Education Services Corporation.

From 1981 to 2000, benefits for students on the independent schedule lagged about \$400-\$800 behind other TAP recipients. The gap widened in 2000, when TAP benefits and eligibility were substantially improved for all recipients save those on the independent schedule.

Today, the TAP award on the dependent schedule phases out entirely at the generous income level of \$80,000 in net taxable income (\$96,600 in adjusted gross income for a family with four children). But the independent schedule phases out at \$10,000 (\$17,500 adjusted gross income). Furthermore, the maximum benefit phases out at a net taxable income of \$3,000 per year, equivalent to an adjusted gross income of \$10,500 per year.

A full-time worker would have to earn an hourly wage of \$5.05 or less to qualify for the maximum TAP benefit, or \$8.50 to qualify for the minimum benefit.

The maximum benefit on the independent schedule has been capped at \$3,025 per year, almost \$2,000 less than other undergraduate students receive. In 1994, \$3,025 was comparable to tuition at a four-year public college. But the cap has never been adjusted for inflation. In

2006, the maximum benefit fell \$1,325 short of tuition at a SUNY 4-year college, essentially putting it out of reach.

The lack of inflation adjustment on such a meager benefit may well explain the steep decline in TAP receipt by single childless students. In 1994-95, there were 45,241 students in this category; by 2005-06, there were only 25,762, a 43% drop in only 11 years. By way of comparison, TAP receipt among dependent students rose by 38%.

The theory behind reduced eligibility and benefits for single childless adults is that they have fewer responsibilities than working parents and can afford to pay more. This is possibly true. But it is unclear why a *single* student would have more financial resources than a *married* student. Furthermore, the average single childless adult experiences much more hardship than the average high school graduate living at home. The family income of the poorest one-fourth of all dependent students in New York was \$28,300 in 2003. For independent students, it was \$10,900.³⁸ Nationally, more than half (57%) work full-time compared with only 22% of dependent students, and more than half (54%) attend community college, compared to only one-third (34%) of dependent students.³⁹

The policy is also counterproductive to New York's economic development needs. Single childless adult students have fewer barriers to academic success than do other students and seem more likely to graduate. This is precisely the population New York should be investing in to ramp up its supply of educated and trained workers.

An obscure TAP rule discourages students who have dropped out of college from returning. Every few years, New York raises TAP eligibility and benefits, usually in conjunction with tuition hikes. Each time, a new "schedule" is created to codify the newly modified formula. Under a little-known rule, however, a student who first enrolled on an earlier schedule, dropped out and then returned later will forever remain on the original schedule.

Approximately 15,000 students are currently studying under older and less generous schedules, and more than 7,000 students are currently enrolled on schedules dating back to 1993 or earlier. These students receive lower maximum grants. They also must meet the income eligibility rules from previous years with no allowance for inflation.

Example: Jane left college to raise children in 1992. She plans to return to college in 2007. Jane will receive the maximum TAP award for 1992 of \$3,575, rather than the maximum grant for 2007 of \$5,000. Furthermore, she must meet the income eligibility standard of a financial aid schedule devised 15 years ago.

Oddly, the rule does not apply to graduate students. They receive the current maximum TAP grant for graduate students regardless of the date they first enrolled in college.

This “don’t come back” rule saves the state at least a small amount of money. But it serves no public policy goal, and perversely discourages former students from returning to school to complete their education.

Adult students are likely to exhaust TAP benefits before graduating, especially if they take remedial classes. One well-known issue facing TAP recipients is the mismatch between TAP availability and the time needed to graduate. TAP provides benefits for eight semesters of full-time study towards a bachelor's degree, and six semesters towards an associate's degree. A typical course of study for a bachelor's degree will require 120 credits to graduate. A student could graduate after eight semesters by taking 15 credits per semester, but only a minority of students do so. Financial aid professionals have long warned incoming students that they are likely to run through their TAP grant before graduating.

Yet even the situation described is an ideal. In practice, there are many other factors that will cause TAP to expire even sooner. Students who transfer from a community college to a senior college will often lose credits, as will those who transfer from one senior college to another; many students change majors at least once

LIFE STORIES

Elaine is studying at SUNY College of Environmental Sciences to become an environmental researcher. Elaine failed to obtain a TAP grant because, as an unmarried adult, her annual income of \$19,000 was too high to qualify. To make up the difference she had to work full-time in a factory. "I worked from 11 pm to 7:30 am. I became physically ill, I couldn't sleep and I couldn't eat. I was a zombie. You can't get through an engineering class on 2 hours of sleep."

in their educational process, enrolling in new required classes that prolong their educational stay; and most majors require a sequence of courses that may be unavailable when needed.

At least some degree of student choice is involved in the cases described above. However, a large share of first-time college students, especially adults who have been out of the classroom for several years, must take at least one remedial class. They do not receive credit towards graduation for taking a remedial class, yet the class counts against the TAP semester limit.

Little data is available on the number of students who lose TAP eligibility short of graduation each year and how many are forced to drop out prior to graduation. However, when the state of Illinois cut financial aid eligibility from five years to four years, the Illinois Student Assistance Commission (ISAC) studied the impact on student completion.⁴⁰ They found that one out of four aid recipients dropped out entirely.⁴¹ Those students who continued were more likely to work full-time and take on more debt.

These numbers suggest that premature expiration of TAP benefits could disproportionately impact low-income adult students.

The state maintains a separate program to assist part-time students, but it is underfunded and poorly designed. New York's Aid for Part-Time Study (APTS) provides small grants to students excluded from TAP but in need of financial aid. These include unmarried childless adults and part-time students (including first-year students who will not be eligible for the new Part-Time TAP program).

LIFE STORIES

Phyllis is studying to become a photojournalist at SUNY-Purchase. She dropped out twice before, once when her mother passed away and the second time when her roommate stopped paying rent. Her TAP eligibility expires this semester, but she has three semesters left before graduation. With \$12,000 in debt already, Phyllis will have to take out more loans. "You've got to change the system," says Phyllis, "or else the only people who will make it are the 1% who would make it in any system."

Unfortunately, APTS is a small and underfunded program. The 2004 budget of \$12.8 million has actually fallen slightly since 1995, even as TAP's budget rose by almost half over the same period. In 2004, APTS provided grants averaging \$580 annually to 22,000 students.

Only one in seven part-time students receives APTS funding.⁴² And that funding may be distributed inequitably. "APTS is a campus-based program with award levels and eligibility determined by the campus itself," noted the Commission on New York State Student Financial Aid in 1999. "This results in inconsistent awards and rules."⁴³

APTS serves as a bandage to patch holes left by TAP's limitations, but the bandage is far too small and poorly designed. If the needs of unmarried childless students and part-time students were met through TAP, New York could safely phase out APTS and apply the funding to TAP.

Of those adults going to college, fewer are receiving need-based financial aid than ever before, especially single childless adults. Not surprisingly, almost half of all independent students studying full-time in community colleges also work full-time. A large percentage of these students are probably dropping out during or after their first year. They lose out on the opportunities earned by a college education. New York writes off the TAP benefits already provided to that student at taxpayer expense. Millions of dollars may well be wasted each year as a result of dropouts that could have been prevented.

Reform TAP by eliminating biases against adult students.

➤ ***Shift TAP to a credit-hour basis.*** New York should adapt TAP to the needs of today's students by shifting to a credit-hour basis, in which students receive funding and use up eligibility on the basis of credit hours rather than semesters. Some safeguards would be needed to discourage academically unsound practices so that TAP subsidies are used effectively. This is the single most significant step New York could take to improve TAP's relevance to working adults. New York could emulate Illinois' system, which provides benefits proportional to the number of credits used.

➤ ***Equalize treatment of single childless adults.*** New York should provide single childless adults with the same benefits other low-income college students receive. There is simply no reason based on equity or cost-effectiveness to discriminate against these students. And the sharp decline in the rate at which they receive TAP scholarships suggests that the income and eligibility standards applied to single childless adults have become unrealistically tight.

➤ ***Expand TAP eligibility to cover non-tuition expenses for community college students.*** Although community college students are far more likely to be poor than students at four-year colleges, the majority of TAP dollars go to students at four-year

VII. College Affordability for Working Adults: Fixing the Broken Ladder

If New York is to remain a world-class economy in the 21st century, we must get more working adults into college and ensure that they graduate. But today the opposite is taking place. Adults are leaking out of the educational pipeline at a surprisingly rapid pace.

colleges. That's because TAP grants are capped at the level of tuition, and community college tuition is lower than that of four-year colleges. New York could balance the scale by allowing community college students to use TAP dollars for non-tuition expenses such as fees, books and transportation. This step would also bolster New York's undersized community college sector.

- ***Abolish schedule restrictions.*** New York should abolish all previous financial aid schedules and get rid of the “don’t come back” rule. Students who leave college and return later should obtain the most up-to-date benefits.
 - ***Combine the Aid for Part-Time Study program with TAP.*** The 1999 Commission on New York State Student Financial Aid, chaired by former Federal Reserve Chairman Paul Volcker, recommended merging APTS into TAP, and using its budget to finance a more effective part-time TAP option. This recommendation should be implemented.

Enact additional tuition and state aid policies to improve affordability for adult students.

- ***Create a remedial education financing program outside of TAP.*** One of the most significant weaknesses of TAP is that students who take remedial classes earn no credit but use up precious semesters of TAP eligibility. In addition, success rates for students requiring more than one remedial class are notoriously low. The state should create alternative remedial education models that blend innovative financing and pedagogical structures. One promising model is MDRC's Opening Doors initiative, which combines performance-based scholarship with targeted counseling services.
 - ***Freeze community college tuition.*** As noted, tuition at SUNY and CUNY community colleges are among the nation's most expensive. While the broader issues of college finance are beyond the scope of this

study, New York's high community college tuition is simply too serious an obstacle to be omitted. New York should freeze community college tuition for the next several years.

- **Ramp up investment in community colleges.** Community colleges have raised their tuition because the State of New York and New York City dramatically slashed support for community colleges over the past two decades. This trend must be reversed – not for the sake of the colleges, but for their students and the state’s economy. New York should invest substantially more in community colleges, and it should restructure financing to level out disparities in county financing levels.

- **Support Lifelong Learning Accounts (LiLAs).** The national nonprofit Council for Adult and Experiential Learning (CAEL) has developed an employer-matched, portable individual education and training account called LiLAs. The concept is similar to a 401(k) retirement account, but workers can use the funds to invest in education and training continuously through their lifetimes.⁴⁴ Starting in 2001, CAEL has tested this model in a multi-sector pilot in Chicago, Northeast Indiana, and San Francisco. With funding from the Ford Foundation and The New York Community Trust, CAEL and Seedco are partnering to plan a new pilot program in New York City to serve up to 200 workers.

New York should support the New York City LiLA demonstration program and investigate the costs and benefits of scaling up the LiLA model for statewide availability, especially in light of a potential national LiLA demonstration.

- **Leverage the earned income tax credit.** New York has one of the nation's most effective state earned income tax credit (EITC) programs. The EITC, a refundable tax credit that provides additional support for working poor families, has drawn praise from conservatives and liberals alike for its

effectiveness in helping families to work their way out of poverty. However, EITC could do more for students who work.

New York should consider deducting non-tuition expenses such as fees, books and transportation from the income standard used to determine EITC eligibility. Thus, working adults in college who earn slightly too much to qualify for EITC could use their non-tuition expenses to qualify.

Leverage the TANF block grant to finance higher education for public assistance recipients. New York receives considerable funding through the federal Temporary Assistance for Needy Families (TANF) program. Much more of this block grant should be used for education and training of public assistance recipients. Non-TANF-specific budget items, in particular spending on child welfare, should be returned to the general fund.

New York should help TANF recipients lift themselves out of poverty by building effective career pathways that lead from adult basic education to postsecondary education. Possible models include Kentucky's Read-to-Work program, Maine's Parents as Scholars program, and California's Calworks program.

- Support vocational education at the postsecondary level. For an increasing number of adult college students in New York, the primary reason for taking classes is to increase earning power. As we proposed in our earlier report, *Between Hope and Hard Times*, New York should join the 20 states already offering financial assistance for non-credit, workforce-oriented programs of study.⁴⁵

Create the infrastructure to help adult students succeed. Improving affordability is not enough. New York needs to create the infrastructure to inform working adults about their college opportunities, to support their efforts and avoid unnecessary dropouts, to connect graduates with jobs in their fields, and to continually evaluate new initiatives so that ineffective programs can be fixed.

- New York needs to bring together leaders in government, the education sector and the business community to map out a statewide plan for strengthening the state's adult education system.
- Assist institutions in providing better support for adult students. Adults in college need supports that younger students do not, e.g., classes and other resources available on evenings and weekends, and counselors who can assist in designing a course of study that leads to graduation and a marketable degree by the shortest route.
- Build stronger partnerships with private employers, e.g., career ladder programs.
- Create a marketing campaign to encourage New York residents to attend college. Surveys show that many adults would like to improve their education and skills, but they are woefully uninformed about the accessibility of college education. New York could substantially enlarge the pipeline of college entrants of all ages by emulating successful marketing campaigns in other states. One such campaign, Go Higher Kentucky, has proven quite successful. See [www.gohigherky.org](http://gohigherky.org).
- Improve accountability for results. New York cannot improve the quality of higher education without accountability, and accountability requires good data. New York urgently needs to develop a student unit-record system that spans the complete educational experience of all New Yorkers, from pre-kindergarten to post-graduation employment.

New York can unlock the potential of thousands of adults who long to walk across the stage on graduation day to receive their diploma. So many adults could do better in life. They could fill skills shortages in healthcare, construction, accounting and many other fields. Improving the affordability of higher education is just a first step in a much longer project: strengthening the connection between low-income adults and the state economy. But it's an important first step.

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